

**Louisiana Department of Environmental Quality (LDEQ)
Office of Environmental Services**

STATEMENT OF BASIS

**Unit 292 – Diesel Hydrotreater Unit
Alliance Refinery
ConocoPhillips Company
Belle Chasse, Plaquemines Parish, Louisiana
Agency Interest Number: 2418
Activity Number: PER20050007
Draft Permit No. 2113-V1**

I. APPLICANT:

Company:

ConocoPhillips Company
P.O. Box 176, Belle Chasse, LA 70037

Facility:

Alliance Refinery
15551 Hwy 23, Belle Chasse, Plaquemines Parish, Louisiana
Approximate UTM coordinates are 211.51 kilometers East and 3,286.84 kilometers North, Zone 16

II. FACILITY AND CURRENT PERMIT STATUS:

ConocoPhillips Company owns and operates the Alliance Refinery, a petroleum refinery located in Belle Chasse, Louisiana. Gulf Oil Company built the refinery in 1970. BP Oil Company owned Alliance Refinery from 1985 until Tosco Corporation (Tosco) purchased it in September 2000. Tosco later became a wholly owned subsidiary of Phillips Petroleum Company on September 17, 2001. On August 30, 2002, Phillips Petroleum Company, including its subsidiary Tosco Corporation, completed a merger with Conoco Inc. to form ConocoPhillips Company. On January 1, 2003, the owner and operator of the Alliance Refinery formally changed from Tosco to ConocoPhillips Company.

Alliance Refinery produces a wide range of petroleum products from crude oil, such as motor gasoline, jet fuel, diesel fuel, LPG, carbon black feedstock, propane, and coke. It also produces by-product elemental sulfur and petrochemicals such as benzene, toluene, and xylene. The plant is covered by Standard Industrial Classification (SIC) 2911.

The Diesel Hydrotreater Unit hydrogenates and desulfurizes a mixture of furnace oils to produce a product suitable for blending into low sulfur diesel fuel. Maximum feedstock throughput is 34,000 bbl/day. The hydrodesulfurization is accomplished by treating the

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furnace oil mixture with hydrogen in the presence of a catalyst at an elevated temperature.

Heavy furnace oil from Unit 191 (Crude Unit) is combined with hydrogen and heated in the Light Distillate Gulfiner Reactor Heater, Emission Point No. 292-H-1, before being fed to the reactor. Reactor effluent is cooled and flashed to produce a vapor which constitutes hydrogen rich recycle gas. The liquid produced by the flash separation of the reactor effluent is fractionated in the stabilizer. Heat for the stabilizer is provided by the Light Distillate Gulfiner Stabilizer Reboiler, Emission Point No. 292-H-2. Overhead gas and light liquid streams are sent to Unit 7991, Saturated Gas Unit. Stabilizer bottom stream is routed to storage tanks in Unit 412 – Offsites Unit (Tank Farm) as a blend stock for low sulfur diesel fuel.

Unit 292 emission sources include the reactor heater and stabilizer reboiler, which are fired with refinery fuel gas. Fugitive VOC is emitted from the hydrotreater piping system. Storage tank emissions and fugitive emissions associated with storage piping systems are permitted under the Unit 412 – Offsites (Tank Farm) Title V Permit.

Several Part 70 and PSD permits addressing portions of the facility have been issued. These include:

Permit Number	Units or Sources	Unit Name	Date Issued
PSD-LA-75(M-2)	Unit 301	Boilers	10/13/87
PSD-LA-624	Source 301-B-3	Supplemental Boiler	09/16/98
2593-V1	Unit 293	Gulfining Unit	04/11/07
2113-V0	Unit 292	Diesel Hydrotreater Unit	12/07/00
2513-V4	Unit 412	Offsites	12/07/05
2776-V0	Unit 7591	Merox Treater Unit	10/18/02
2511-V2	Unit 891	Delayed Coking Unit	11/16/05
2840-V0	Unit 294	Low Sulfur Gasoline Unit	10/03/03
PSD-LA-696	Unit 294	Low Sulfur Gasoline Unit	10/03/03
2512-V1	Unit 491 & Unit 6191	HF Alkylation & Light Ends Recovery Unit	10/08/03
2778-V0	Unit 303	Utilities	08/16/04
2774-V1	Unit 591/592	Sulfur Recovery Unit	09/21/05
1810-V2	Unit 1291/301	Fluidized Catalytic Cracking Unit/CO Boilers	02/22/05
1870-V0	Unit 308W	Wastewater Treatment Unit	08/23/05
2313-V0	Unit 406	Marine Loading and Transfer Operations	02/09/06
2180-V0	Unit 191/7991	Crude and Saturate Gas Unit	04/25/06
2779-V0	Unit 305F	Flares Unit	05/18/06

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Permit Number	Units or Sources	Unit Name	Date Issued
2775-V0	Units 291/1391/1791/1792	Naphfining, Catalytic Reforming, Aromatic Extraction, and Thermal Hydrodealkylation Units	05/31/06

III. PROPOSED PERMIT / PROJECT INFORMATION:

Permit Application Submittal Information

ConocoPhillips submitted an application and Emission Inventory Questionnaire (EIQ) dated June 2, 2005, requesting a Part 70 permit renewal for Unit 292 – Diesel Hydrotreater.

Project description

ConocoPhillips is proposing the following changes:

1. Add New Source Performance Standard (NSPS) Subpart J requirements to the Light Distillate Gulfiner Reactor Heater, Emission Point No. 292-H-1, and the Light Distillate Gulfiner Stabilizer Reboiler, Emission Point No. 292-H-2, as mandated by the Consent Decree (Civil Action H-05-0258 lodged January 27, 2005).
2. Reconcile fugitive emissions with current emission factors and component counts.
3. Adjust the average and maximum heater firing rate for the heater and reboiler to reflect the maximum heating value and not the normal heating value.
4. Increase the maximum hourly emission rate for both heaters to reflect the realistic design rate of the heaters. No changes to the heaters have been made to increase the design rate; the maximum rate increase is based on updated information from refinery engineers.
5. Re-new the Part 70 permit.

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Permitted Air Emissions

Estimated emissions in tons per year are as follows:

<u>Pollutant</u>	<u>Before</u>	<u>After</u>	<u>Change</u>
PM ₁₀	1.87	2.07	+ 0.20
SO ₂	6.74	7.50	+ 0.76
NO _x	24.57	27.30	+ 2.73
CO	20.66	22.95	+ 2.29
VOC *	9.92	27.18	+17.26

***VOC LAC 33:III Chapter 51 Toxic Air Pollutants (TAPs) in TPY:**

<u>Pollutant</u>	<u>Before</u>	<u>After</u>	<u>Change</u>
Benzene	<0.01	<0.01	-
Biphenyl	<0.01	0.01	+0.01
Cumene	<0.01	<0.01	-
Ethylbenzene	<0.01	0.01	+0.01
n-Hexane	<0.01	0.01	+0.01
Naphthalene	<0.01	0.01	+0.01
Toluene	0.01	0.04	+0.03
Xylenes	0.02	0.06	+0.04
Total	0.03	0.14	+0.11

NON-VOC LAC 33:III Chapter 51 Toxic Air Pollutants (TAPs):

<u>Pollutant</u>	<u>Before</u>	<u>After</u>	<u>Change</u>
Sulfuric Acid	-	0.08	+0.08

Prevention of Significant Deterioration Applicability

This plant is not being modified; therefore, PSD does not apply.

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This application was reviewed for compliance with the Louisiana Preconstruction and Part 70 operating permit program. It was also reviewed for compliance with Louisiana Air Quality Regulations, National Emission Standards for Hazardous Air Pollutants (NESHAP), and New Source Performance Standards (NSPS). Prevention of Significant Deterioration (PSD) does not apply.

MACT requirements

Compliance with the Louisiana Fugitive Emission Consolidation Program, with Louisiana Refinery MACT being the most stringent program, is determined as MACT for fugitive emissions.

Air Modeling Analysis

Dispersion Model(s) Used: N/A

Pollutant	Time Period	Calculated Maximum Ground Level Concentration	Louisiana Air Quality Standard (NAAQS)

Impact on air quality from Unit 292 – Diesel Hydrotreater will be below the National Ambient Air Quality Standards (NAAQS) and the Louisiana Ambient Air Standards (AAS) beyond industrial property.

General Condition XVII Activities

The facility will comply with the applicable requirements of General Condition XVII of the Louisiana Air Emission Permit General Conditions in the Title V Permit. For a list of approved General Condition XVII Activities, refer to Section VIII of the draft Part 70 permit. These releases are small and will have an insignificant impact on air quality.

Insignificant Activities

All Insignificant Activities are authorized under LAC 33:III.501.B.5. For a list of approved Insignificant Activities, refer to Section IX of the draft Part 70 permit.

IV. Permit Shields

A permit shield was not requested.

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V. Periodic Monitoring

Fugitive emissions must be monitored according to the provisions of the Louisiana Refinery MACT. Hydrogen Sulfide content in the fuel gas is also monitored as required by NSPS Subpart J.

VI. Applicability and Exemptions of Selected Subject Items

Regulatory applicability, standards, monitoring, reporting and recordkeeping requirements are provided in the Facility Specific Requirements Section of the draft permit. The table below summarizes highlights of the regulatory applicability for each emission point.

Source ID No.:	Requirement	Applicability
Facility – Unit 292	40 CFR 61.340 Subpart FF– National Emission Standard for Benzene Waste Operations.	Unit has no benzene waste. Refinery has > 10 Mg/yr benzene from waste and must meet control, reporting, and recordkeeping requirements. (See Title V Permit, Unit 308W, Wastewater Treatment Unit.)
	40 CFR 63.640 Subpart CC – National Emission Standard for HAPs from Petroleum Refineries.	DOES NOT APPLY. This unit has no streams containing greater than or equal to 5% VOHAPs.
FUG 23 Unit Fugitives for Diesel Hydrotreater	40 CFR 60.590 Subpart GGG – Standards of Performance for Equipment Leaks of VOC in Petroleum Refineries	Diesel Hydrotreater Unit came under requirements of 40 CFR 60 Subpart GGG, NSPS for Equipment Leaks in Petroleum Refineries, when it was modified in 1992. ConocoPhillips has elected to comply with the Louisiana Fugitive Emission Consolidation Program with Louisiana MACT for Refineries being the most stringent program.
EQT 175/176 Light Distillate Gulfiner Reactor Feed Heater / Light Distillate Gulfiner Stabilizer Reboiler	40 CFR 60.100 Subpart J – Standards of Performance for Petroleum Refineries	Comply with applicable provisions of NSPS Subpart J as mandated by the Consent Decree (Civil Action H-05-0258 lodged January 27, 2005)

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VII. Streamlined Requirements

Unit or Plant Site	Programs Being Streamlined	Stream Applicability	Overall Most Stringent Program
Unit 292 – Diesel Hydrotreater	LAC 33:III.Chapter 51, LA MACT for Refineries 40 CFR 60 Subpart GGG NSPS - VOC Equipment Leaks in Petroleum Refineries LAC 33:III.2121, Louisiana Fugitive Emission Control	$\geq 5\%$ VOTAP (Class I + II) $\geq 10\%$ VOC $\geq 10\%$ VOC	LA MACT for Refineries

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VIII. Glossary

Best Available Control Technologies (BACT) - An emissions limitation (including a visible emission standard) based on the maximum degree of reduction for each pollutant subject to regulation under this part which would be emitted from any proposed major stationary source or major modification which the administrative authority, on a case-by-case basis, taking into account energy, environmental, and economic impacts and other costs, determines is achievable for such source or modification through application of production processes or available methods, systems, and techniques, including fuel cleaning or treatment or innovative fuel combustion techniques for control of such pollutant.

CAM - Compliance Assurance Monitoring rule – A federal air regulation under 40 CFR Part 64

Carbon Black - A black colloidal substance consisting wholly or principally of amorphous carbon and used to make pigments and ink.

Carbon Monoxide (CO) – (Carbon monoxide) a colorless, odorless gas produced by incomplete combustion of any carbonaceous (gasoline, natural gas, coal, oil, etc.) material.

Cooling Tower – A cooling system used in industry to cool hot water (by partial evaporation) before reusing it as a coolant.

Continuous Emission Monitoring System (CEMS) – The total combined equipment and systems required to continuously determine air contaminants and diluent gas concentrations and/or mass emission rate of a source effluent.

Cyclone – A control device that uses centrifugal force to separate particulate matter from the carrier gas stream.

Duct Burner – A device that combusts fuel and that is placed in the exhaust duct from another source (such as a stationary gas turbine, internal combustion engine, kiln, etc.) to allow the firing of additional fuel to heat the exhaust gases before the exhaust gases enter a steam generating unit.

Federally Enforceable Specific Condition - A federally enforceable specific condition written to limit the potential to Emit (PTE) of a source that is permanent, quantifiable, and practically enforceable. In order to meet these requirements, the draft permit containing the federally enforceable specific condition must be placed on public notice and include the following conditions:

- A clear statement of the operational limitation or condition which limits the source's potential to emit;

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- Recordkeeping requirements related to the operational limitation or condition;
- A requirement that these records be made available for inspection by LDEQ personnel;
- A requirement to report for the previous calendar year.

Grandfathered Status- Those facilities that were under actual construction or operation as of June 19, 1969, the signature date of the original Clean Air Act. These facilities are not required to obtain a permit. Facilities that are subject to Part 70 (Title V) requirements lose grandfathered status and must apply for a permit.

Heat Recovery Steam Generator (HRSG) – A steam generator that recovers exhaust heat from a gas turbine, and provides economizing and steam generation surfaces.

Hydrogen Sulfide (H₂S) - A colorless inflammable gas having the characteristic odor of rotten eggs, and found in many mineral springs. It is produced by the action of acids on metallic sulfides, and is an important chemical reagent.

Maximum Achievable Control Technology (MACT) - The maximum degree of reduction in emissions of each air pollutant subject to LAC 33:III.Chapter 51 (including a prohibition on such emissions, where achievable) that the administrative authority, upon review of submitted MACT compliance plans and other relevant information and taking into consideration the cost of achieving such emission reduction, as well as any non-air-quality health and environmental impacts and energy requirements, determines is achievable through application of measures, processes, methods, systems, or techniques.

NESHAP - National Emission Standards for Hazardous Air Pollutants –Air emission standards for specific types of facilities, as outlined in 40 CFR Parts 61 through 63

Nitrogen Oxides (NO_x) - Compounds whose molecules consists of nitrogen and oxygen.

Nonattainment New Source Review (NNSR) - A New Source Review permitting program for major sources in geographic areas that do not meet the National Ambient Air Quality Standards (NAAQS) at 40 CFR Part 50. Nonattainment NSR is designed to ensure that emissions associated with new or modified sources will be regulated with the goal of improving ambient air quality.

NSPS - New Source Performance Standards – Air emission standards for specific types of facilities, as outlined in 40 CFR Part 60

Organic Compound - Any compound of carbon and another element. Examples: Methane (CH₄), Ethane (C₂H₆), Carbon Disulfide (CS₂)

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Part 70 Operating Permit- Also referred to as a Title V permit, required for major sources as defined in 40 CFR 70 and LAC 33:III.507. Major sources include, but are not limited to, sources which have the potential to emit: ≥ 10 tons per year of any toxic air pollutant; ≥ 25 tons of total toxic air pollutants; and ≥ 100 tons per year of regulated pollutants (unless regulated solely under 112(r) of the Clean Air Act) (25 tons per year for sources in non-attainment parishes).

PM₁₀- Particulate matter with an aerodynamic diameter less than or equal to a nominal 10 micrometers as measured by the method in Title 40, Code of Federal Regulations, Part 50, Appendix J.

Potential to Emit (PTE) - The maximum capacity of a stationary source to emit any air pollutant under its physical and operational design.

Prevention of Significant Deterioration (PSD) – A New Source Review permitting program for major sources in geographic areas that meet the National Ambient Air Quality Standards (NAAQS) at 40 CFR Part 50. PSD requirements are designed to ensure that the air quality in attainment areas will not degrade.

Selective Catalytic Reduction (SCR) – A noncombustion control technology that destroys NO_x by injecting a reducing agent (e.g., ammonia) into the flue gas that, in the presence of a catalyst (e.g., vanadium, titanium, or zeolite), converts NO_x into molecular nitrogen and water.

Sulfur Dioxide (SO₂) – An oxide of sulfur.

TAP - Toxic Air Pollutant (LDEQ acronym for air pollutants regulated under LAC 33 Part III, Chapter 51, Tables 1 through 3).

Title V permit – See Part 70 Operating Permit.

“Top Down” approach – An approach which requires use of the most stringent control technology found to be technically feasible and appropriate based on environmental, energy, economic, and cost impacts.

Turbine – A rotary engine in which the kinetic energy of a moving fluid is converted into mechanical energy by causing a bladed rotor to rotate.

Volatile Organic Compound (VOC) - Any organic compound which participates in atmospheric photochemical reactions; that is, any organic compound other than those which the administrator of the U.S. Environmental Protection Agency designates as having negligible photochemical reactivity.